

## **FY 2014 DELIVERY COSTS BY SHAPE**

### **I. PREFACE**

#### **A. Purpose and Content**

USPS-FY14-19 documents the development of FY 2014 delivery costs by rate category for First-Class, Periodicals, Standard, Bound Printed Matter, and Media Mail.

#### **B. Predecessor Documents**

In Docket No. ACR2013, PRC-ACR2013-LR6-FY2013 and USPS-FY13-19.

#### **C. Corresponding Non-Public or Public Document**

There is no corresponding Non-Public document to USPS-FY14-19.

#### **D. Methodology Changes**

USPS-FY14-19 utilizes the established methodology from PRC-ACR2013-LR6. In addition, this cost model disaggregates, by indicia – stamped, metered, and other, the delivery cost estimate for First-Class Single Piece Letters.. Stamped pieces include those affixed with stamps, PVI, or APC IBI. Metered pieces include those affixed with meters, permits, or Non-APC IBI. ‘Other’ pieces encompass all other postage methods. This disaggregation of delivery costs was discussed in the Postal Service’s original filing of Docket No R2013-10 at 19 (footnote 12).. In cost segment 6, the costs were assigned based on IOCS readings. In cost segments 7 and 10, the delivery (not including collection) costs were assigned based on proportions estimated by the Carrier Cost System (CCS). Both carrier systems (City Carrier Cost System (CCCS) and Rural Carrier Cost System (RCCS) started collecting indicia on delivered pieces in PQ2FY14. However, since neither system captures indicia information on collected pieces, each indicia type receives the same unit collection cost. The specific calculations used to disaggregate the delivery costs are shown in workbook **UDCModel14**, tab

'3.SummaryBY', rows 3-5.' and the disaggregated delivery costs are also included in tab 'Table 1'.

## E. Inputs/Outputs

### Inputs:

Workbook in USPS-FY14-19	Tabs USPS-FY14-19	Input Workbook	ACR Folder
UDCInputs14	7.0.6, 7.0.8, 7.0.6.10, CS06&7 CRA, CityDALCosts, CS7Shape,	CS06&7	USPS-FY14-32
UDCInputs14	CS10CRA, RuralCosts, RuralVols	CS10	USPS-FY14-32
UDCInputs14	CCSECRVols	CCCS_Matrix_FY14_Final	USPS-FY14-34
UDCInputs14	CCSDALs	CCCS_DALCasing_FY14	USPS-FY14-34
UDCInputs14	RCSECRVols, BoxholderbyShape	RCCS_Matrix_FY14_Final	USPS-FY14-35
UDCInputs14	RCSDALs	RCCS_DAL_FY14_Final.	USPS-FY14-35
UDCInputs14	CARMM, CARMECR	KLTable14_All	USPS-FY14-37 (CARMM File)
UDCInputs14	CARMMCasing,	KLTable14_Casing	USPS-FY14-37 (CARMM File)
UDCInputs14	BYPBACK	FY14PBackAll	USPS-FY14-24
UDCInputs14	DPS%	FY14 DPS Percentages	USPS-FY14-10
UDCInputs14	RPWShape	FY14RPWADJ	USPS-FY14-14
UDCInputs14	Inputs	First Class and Standard Mail WGTI 2014	USPS-FY14-10
UDCInputs14	FCByIndicia	KL_Table14_FCSP_Collection _Cost_By_Indicia	USPS-FY14-37 (CARMM File), USPS-FY14-34. and USPS-FY14-35.

## Outputs

USPS-FY14-3 – FY 2014 Discounts and Passthroughs of Workshare Items

USPS-FY14-10 – FY 2014 Special Cost Studies Workpapers -Letter Cost Models

USPS-FY14-27 – FY 2014 Nonprofit Mail Cost Approximations

USPS-FY14-30 – FY 2014 Market Dominant NSA Materials

## II. ORGANIZATION

USPS-FY14-19 contains eight Excel workbooks and five SAS log files. The five Excel workbooks titled **KLTable14\_All**, **KLTable14\_Casing**, **KLTable14\_FCSP\_All\_By\_Indicia**, **KLTable14\_FCSP\_Casing\_By\_Indicia**, and **KLTable14\_FCSP\_Collection\_Cost\_By\_Indicia**, are outputs from running the respective SAS programs against the IOCS CARMM data file which is contained in USPS-FY14-37. These workbooks provide 6.1 *casing only costs*, 6.1 *direct labor costs*, and First Class Single Piece letter collection costs by indicia by route grouping (letter route, SPR, and other) by rate category. The workbook **UDCInputs14** consists of the necessary cost and volume inputs. The workbook **VolAdj14** contains all of the volume adjustments that are part of the established methodology. Lastly, the workbook **UDCModel14** takes the inputs and volume adjustments and performs the calculations to get the final required unit delivery and collection costs by rate category which are found in Table 1 and reproduced below.

Documentation of the content of each tab within the **UDCInputs14**, **UDCVolAdj14**, and **UDCModel14** workbooks is included in the tab titled '**NOTES**' within each of the three workbooks. The '**NOTES**' tab lists all of the tabs within each workbook along with a brief description of its function.

**Table 1 – FY14 Unit Delivery Costs (Cents)**

<b>Table 1 – FY14 Unit Delivery Costs</b>	
<b>Rate Category</b>	<b>Unit Delivery Cost (Cents)</b>
<b>First Class Single Piece</b>	
<b>Letters</b>	10.551
Stamped Letters	10.359
Metered Letters	10.760
Other Letters	20.128
Flats	19.183
<b>First Class Parcels</b>	43.331
<b>First Class Presort</b>	
Non-automation Nonmach Mixed AADC	20.311
Non-automation Nonmach AADC	20.311
Non-automation Mach Mixed AADC	4.985
Nonautomation -- Mach AADC	4.636
Nonautomation – Nonmach 3-Digit	20.311
Nonautomation – Nonmach 5-Digit	20.311
Nonautomation -- Mach 3-Digit	4.636
Nonautomation -- Mach 5-Digit	4.636
Automation Mixed AADC	5.168
Automation AADC	4.875
Auto 3-Digit Letters	4.890
Auto 5-Digit Letters CSBCS/Manual Sites	20.311
Auto 5-Digit Letters Other Sites	3.760
Auto 5-Digit Letters	4.544
Presort Letters (Avg)	4.701
Presort Flats	22.489
<b>First Class Cards</b>	
Single Piece	14.070
FC Nonautomation Cards	4.049
Auto Mixed AADC Cards	4.196
Auto AADC Cards	3.961
Auto 3-Digit Cards	3.973

<b>Table 1 – FY14 Unit Delivery Costs (cont)</b>	
<b>Rate Category</b>	<b>Unit Delivery Cost (Cents)</b>
Auto 5-Digit Cards	3.694
Auto 5-Digit Cards CSBCS/Manual Sites	16.372
Auto 5-Digit Cards Other Sites	3.064
Presort Cards (Avg)	3.875
<b>Periodicals</b>	
Letters	9.077
Flats	12.255
Parcels	42.972
<b>Package Services – Bound Printed Matter</b>	
Flats	12.222
Parcels	39.804
<b>Package Services – Media Mail</b>	
Flats	31.170
Parcels	44.544
<b>Standard Regular</b>	
Nonautomation -- Nonmach Mixed ADC	18.225
Nonautomation – Nonmach ADC	18.225
Nonautomation – Mach Mixed AADC	4.910
Nonautomation -- Mach AADC	4.910
Nonautomation – Nonmach 3-Digit	18.225
Nonautomation – Nonmach 5-Digit	18.225
Automation Mixed AADC	5.069
Automation AADC	4.815
Automation 3-Digit Letters	4.827
Automation 5-Digit Letters	4.526
Standard Letters. (Average)	4.661
Flats	16.494
Parcels	33.780
<b>High Density/Saturation</b>	
High Density Letters	3.080
Saturation Letters	4.638
High Density Flats WITH DAL	8.848
High Density Flats WITHOUT DAL	8.828
Saturation Flats WITH DAL	5.638

<b>Table 1 – FY14 Unit Delivery Costs (cont)</b>	
<b>Rate Category</b>	<b>Unit Delivery Cost (Cents)</b>
Saturation Flats WITHOUT DAL	5.424
First-Class Single Piece Metered Collection Cost per Order 1320	2.944